

Robert A. Ficano
Wayne County Executive

March 14, 2013

Mr. David M. Ottenwess, Esq.
Special Master
Ottenwess, Allman & Tawee, PLC
535 Griswold Street, Suite 850
Detroit, MI 48226

RE: Detroit Water & Sewerage Department Root Cause Committee's Final Report

Dear Mr. Ottenwess:

As a member of the Director's Council established by the Settlement Agreement of May 12, 2009, this will provide my initial favorable reaction to the Root Cause Committee's Final Report received yesterday. There appears to be much to commend the independent structure recommended in the form of a new DWSD Authority.

As we continue to do our due diligence review of the specifics of the proposal along with the other stakeholders, we will be looking for verifiable benefits of the proposal for all 43 Wayne County communities and especially Detroit, as well as the customers of our county.

We agree that an ultimate goal is to work for a consensus of the stakeholders to support an appropriate stipulated order to bring to conclusion the decades old federal court oversight of the DWSD. We are committed to working together to see if agreement can be reached on the specifics of this proposal and a stipulated order.

Thank you for your favorable consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Ficano".

Robert A. Ficano
Wayne County Executive

cc: Kenneth Kucel, Deputy Director – Department of Public Services, Environmental Services Group and Wayne County Drain Commissioner
Alan C. Helmkamp, Assistant Wayne County Executive
Solon Phillips, Senior Executive Project Manager, Office of the Wayne County Executive

EXECUTIVE OFFICE

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Anthony V. Marrocco
Public Works Commissioner
Macomb County

March 15, 2013

Sue McCormick
Director, DWSD
735 Randolph
Detroit MI 48226

Re: Final Report of Root Cause Committee

Dear Ms. McCormick:

I have had the opportunity to discuss the Final Report of the Root Cause Committee dated March 13, 2013 with Macomb County Public Works Commissioner Anthony V. Marrocco. This is to advise you that Commissioner Marrocco concurs in general with the recommendations of the Root Cause Committee regarding the planned reorganization of the DWSD into a stand alone authority separate from the government of the City of Detroit.

It is understood that the recommendations of the Root Cause Committee represent a broad outline of a new system of governance for DWSD. In an undertaking this complex there are bound to be issues that need further discussion and review by the stakeholders. So it is with this proposal. The main thrust of the report is positive and forward looking and is endorsed by Macomb County on behalf of its ratepayers.

We look forward to working with you and other parties in interest in addressing the further issues that need to be resolved to make the reorganization of DWSD a reality.

Sincerely,

A handwritten signature in cursive ink that appears to read "William Misterovich".

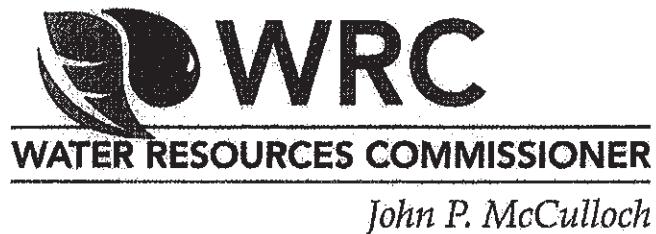
William Misterovich
Chief Deputy
Macomb County
Public Works Commissioner

cc: Anthony V. Marrocco, Macomb County Public Works Commissioner

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John P. McCulloch

March 15, 2013

David M. Ottenwess, Esq.
Special Master
Ottenwess, Allman & Tawel, PLC
535 Griswold Street, Suite 850
Detroit, MI 48226

Re: Detroit Water & Sewerage Department (DWSD)
Root Cause Committee – Final Report

Dear Mr. Ottenwess:

Yesterday, the Director's Council met to discuss the conceptual framework for a new operating model for DWSD outlined in the Root Cause Committee's final report dated March 13, 2013. This new model proposes to have DWSD operate as an independent public authority with total operational autonomy from the City of Detroit, and in exchange the new DWSD authority would make payments to the city (i.e. payments in lieu of taxes (PILOT)). I believe separating the DWSD enterprise from the City will greatly assist DWSD in achieving long-term environmental compliance, as well as improving its operations and service to the ratepayers within the region. For these reasons, I am generally but cautiously supportive of the proposed operating model.

Still, due diligence requires further analysis as to the specifics of the Root Cause Committee's proposal and, in particular, validation of the business case for the proposal. To this end, I look forward to being at the table and working with representatives from the City, DWSD, Board of Water Commissioners and other stakeholders to work for a consensus to support an appropriate stipulated order to bring to conclusion the federal oversight of DWSD.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nash".

Jim Nash